



# **SINO HAIJING HOLDINGS LIMITED**

## **中國海景控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock code: 8065)

### **INTERIM RESULTS ANNOUNCEMENT**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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## **HIGHLIGHTS**

- For the six months ended 30 June 2007, turnover was approximately HK\$3.2 million as compared to HK\$3.1 million for the corresponding period in 2006.
- For the six months ended 30 June 2007, gross profit margin was approximately 3.2% as compared to gross loss margin was 6.2% for the corresponding period in 2006.
- For the six months ended 30 June 2007, loss attributable to shareholders was approximately HK\$4,017,000 as compared to HK\$2,511,000 for the corresponding period in 2006.
- The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2007.

## INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2007, together with the comparative unaudited figures for the corresponding periods in 2006 as follows:-

### CONDENSED CONSOLIDATED INCOME STATEMENT

|  | <i>Note</i> | Six months<br>ended 30 June            |  | Three months<br>ended 30 June          |  |
|--|-------------|--|--|--|--|
|  |             | 2007<br><i>HK\$'000</i><br>(Unaudited) | 2006<br><i>HK\$'000</i><br>(Unaudited) | 2007<br><i>HK\$'000</i><br>(Unaudited) | 2006<br><i>HK\$'000</i><br>(Unaudited) |
| Turnover                                       | 2           | <b>3,193</b>                           | 3,148                                  | <b>2,648</b>                           | 720                                    |
| Cost of sales                                  |             | <u><b>3,090</b></u>                    | <u>(3,343)</u>                         | <u><b>2,512</b></u>                    | <u>(1,827)</u>                         |
| Gross profit/(loss)                            |             | <b>103</b>                             | (195)                                  | <b>136</b>                             | (1,107)                                |
| Other income                                   |             | <b>324</b>                             | 56                                     | <b>268</b>                             | 27                                     |
| Administrative and<br>other operating expenses |             | <u><b>(4,422)</b></u>                  | <u>(2,333)</u>                         | <u><b>(2,645)</b></u>                  | <u>(1,192)</u>                         |
| Operating loss                                 |             | <b>(3,995)</b>                         | (2,472)                                | <b>(2,241)</b>                         | (2,272)                                |
| Finance costs                                  |             | <u><b>(22)</b></u>                     | <u>(36)</u>                            | <u><b>(8)</b></u>                      | <u>(3)</u>                             |
| Loss before taxation                           | 4           | <b>(4,017)</b>                         | (2,508)                                | <b>(2,249)</b>                         | (2,275)                                |
| Taxation                                       | 5           | <u><b>–</b></u>                        | <u>(3)</u>                             | <u><b>–</b></u>                        | <u>(3)</u>                             |
| Loss attributable<br>to shareholders           |             | <u><b>(4,017)</b></u>                  | <u>(2,511)</u>                         | <u><b>(2,249)</b></u>                  | <u>(2,278)</u>                         |
| Dividend                                       | 6           | <u><b>–</b></u>                        | <u>–</u>                               | <u><b>–</b></u>                        | <u>–</u>                               |
| Loss per share<br>– Basic                      | 7           | <u><b>(5.12) cent</b></u>              | <u>(4.80) cent</u>                     | <u><b>(2.86) cent</b></u>              | <u>(4.30) cent</u>                     |

## CONDENSED CONSOLIDATED BALANCE SHEET

|   | <i>Note</i> | As at<br>30 June<br>2007<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2006<br><i>HK\$'000</i><br>(Audited) |
|---|-------------|--|--|
| <b>ASSETS</b>                                 |             |  |  |
| <b>Non-current assets</b>                     |             |  |  |
| Property, plant and equipment                 | 8           | 652  | 492  |
| Available-for-sale financial assets           |             | 859  | 859  |
| Retention money receivable                    |             | 363  | 563  |
|   |             | <u>1,874</u>   | <u>1,914</u>   |
| <b>Current assets</b>                         |             |  |  |
| Hold-to-maturity debt securities              |             | 49   | 49   |
| Available-for-sale financial assets           |             | 544  | –  |
| Tax recoverable                               |             | 47   | 60   |
| Prepayment, deposits and<br>other receivables |             | 9,213  | 2,663  |
| Trade receivables                             | 9           | 3,414  | 2,802  |
| Retention money receivable                    |             | 33   | 33   |
| Pledged time deposits                         |             | –  | 2,376  |
| Cash and bank equivalents                     |             | 8,985  | 6,417  |
|   |             | <u>22,285</u>  | <u>14,400</u>  |
| <b>LIABILITIES</b>                            |             |  |  |
| <b>Current liabilities</b>                    |             |  |  |
| Trade payables                                | 10          | 3,379  | 1,118  |
| Other payables and accruals                   |             | 941  | 1,005  |
| Amount due to a director                      | 11          | 152  | 152  |
| Amount due to a related company               | 11          | 442  | 442  |
|   |             | <u>4,914</u>   | <u>2,717</u>   |
| <b>Net current assets</b>                     |             | <u>17,371</u>  | <u>11,683</u>  |
| <b>NET ASSETS</b>                             |             | <u><u>19,245</u></u>                                       | <u><u>13,597</u></u>   |
| <b>CAPITAL AND RESERVES</b>                   |             |  |  |
| Issued capital                                | 12          | 10,125   | 6,750  |
| Reserves                                      |             | 9,120  | 6,847  |
|   |             | <u>19,245</u>  | <u>13,597</u>  |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

|  | <b>Six months ended</b> |                |
|--|-------------------------|----------------|
|  | <b>30 June</b>          |                |
|  | <b>2007</b>             | 2006           |
|  | <b>HK\$'000</b>         | HK\$'000       |
|  | <b>(Unaudited)</b>      | (Unaudited)    |
| Net cash (outflow)/inflow from operating activities      | <b>(6,802)</b>          | 2,213          |
| Net cash outflow from investing activities               | <b>(199)</b>            | –              |
| Net cash inflow/(outflow) from financing activities      | <u><b>9,569</b></u>     | <u>(2,021)</u> |
| Increase in cash and cash equivalents                    | <b>2,568</b>            | 192            |
| Cash and cash equivalents at the beginning of the period | <u><b>6,417</b></u>     | <u>3,087</u>   |
| Cash and cash equivalents at the end of the period       | <u><b>8,985</b></u>     | <u>3,279</u>   |
| Analysis of the balances of cash and cash equivalents    |                         |                |
| Time deposits  | –                       | 2,236          |
| Cash and bank balances                                   | <u><b>8,985</b></u>     | <u>1,043</u>   |
|  | <u><b>8,985</b></u>     | <u>3,279</u>   |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

|  | Issued<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Capital<br>reserve (a)<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Investment<br>revaluation<br>reserve<br>HK\$'000 | Retained<br>profits/<br>losses<br>(accumulated)<br>HK\$'000 | Total<br>HK\$'000 |
|--|-------------------------------|------------------------------|------------------------------------|------------------------------------|--|---|-------------------|
| <b>At 1/1/2006</b>   | 3,750                         | 8,672                        | 117                                | –                                  | (232)  | 1,432   | 13,739            |
| Issue of one rights share<br>for every two existing shares               | 1,875                         | 1,875                        | –                                  | –                                  | –  | –   | 3,750             |
| Placing of new shares  | 1,125                         | 4,275                        | –                                  | –                                  | –  | –   | 5,400             |
| Issuing expenses   | –                             | (158)                        | –                                  | –                                  | –  | –   | (158)             |
| Fair value gain on<br>available-for-sale<br>financial assets             | –                             | –                            | –                                  | –                                  | 92   | –   | 92                |
| Net loss for the year  | –                             | –                            | –                                  | –                                  | –  | (9,226)   | (9,226)           |
| <b>At 31/12/2006</b>   | <u>6,750</u>                  | <u>14,664</u>                | <u>117</u>                         | <u>–</u>                           | <u>(140)</u>                                     | <u>(7,794)</u>  | <u>13,597</u>     |
| <b>At 1/1/2007</b>   | 6,750                         | 14,664                       | 117                                | –                                  | (140)  | (7,794)   | 13,597            |
| Issue of one rights share<br>for every two existing shares               | 3,375                         | 6,750                        | –                                  | –                                  | –  | –   | 10,125            |
| Issuing expenses   | –                             | (556)                        | –                                  | –                                  | –  | –   | (556)             |
| Exchange differences arising<br>on translation of a foreign<br>operation | –                             | –                            | –                                  | 96                                 | –  | –   | 96                |
| Loss for the period  | –                             | –                            | –                                  | –                                  | –  | (4,017)   | (4,017)           |
|  | <u>10,125</u>                 | <u>20,858</u>                | <u>117</u>                         | <u>96</u>                          | <u>(140)</u>                                     | <u>(11,811)</u>   | <u>19,245</u>     |



### 3. Segment information

#### (i) Business segments

The following table presents revenue, profit (loss) information for the Group's business segments for the six months ended 30 June 2007.

|  | IBS solutions<br>and<br>maintenance<br><i>HK\$'000</i> | Sales of<br>packaging<br>materials<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|---|--------------------------|
| TURNOVER   | <u>906</u>   | <u>2,287</u>  | <u>3,193</u>             |
| RESULTS  |  |   |                          |
| Segment results  | (4,253)  | (66)  | (4,319)                  |
| Unallocated corporate income   |  |   | <u>324</u>               |
| Loss from operations   |  |   | (3,995)                  |
| Finance costs  |  |   | <u>(22)</u>              |
| Loss before taxation   |  |   | (4,017)                  |
| Taxation   |  |   | <u>-</u>                 |
| Loss for the period attributable to<br>equity holders of the Company |  |   | <u>(4,017)</u>           |

The following table presents revenue, profit (loss) information for the Group's business segments for the six months ended 30 June 2006.

|  | IBS solutions<br>and<br>maintenance<br><i>HK\$'000</i> | Sales of<br>packaging<br>materials<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|---|--------------------------|
| TURNOVER   | <u>3,148</u>   | <u>-</u>  | <u>3,148</u>             |
| RESULTS  |  |   |                          |
| Segment results  | (2,528)  | -   | (2,528)                  |
| Unallocated corporate income   |  |   | <u>56</u>                |
| Loss from operations   |  |   | (2,472)                  |
| Finance costs  |  |   | <u>(36)</u>              |
| Loss before taxation   |  |   | (2,508)                  |
| Taxation   |  |   | <u>(3)</u>               |
| Loss for the period attributable to<br>equity holders of the Company |  |   | <u>(2,511)</u>           |



(ii) **Geographical segments**

The following table presents revenue information for the Group's geographical segments for the six months ended 30 June 2007.

|          | Hong Kong                        |                 | Mainland China  |                 | Total           |                 |
|----------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | For the six months ended 30 June |                 |                 |                 |                 |                 |
|          | 2007                             | 2006            | 2007            | 2006            | 2007            | 2006            |
|          | <i>HK\$'000</i>                  | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| TURNOVER | <b>906</b>                       | 3,148           | <b>2,287</b>    | –               | <b>3,193</b>    | 3,148           |

**4. Loss before taxation**

Loss before taxation is arrived at after charging:–

|   | Six months<br>ended 30 June |                 | Three months<br>ended 30 June |                 |
|---|-----------------------------|-----------------|-------------------------------|-----------------|
|   | 2007                        | 2006            | 2007                          | 2006            |
|   | <i>HK\$'000</i>             | <i>HK\$'000</i> | <i>HK\$'000</i>               | <i>HK\$'000</i> |
|   | (Unaudited)                 | (Unaudited)     | (Unaudited)                   | (Unaudited)     |
| Auditors' remuneration                                      | <b>100</b>                  | 90              | <b>100</b>                    | 90              |
| Cost of materials used                                      | <b>252</b>                  | 1,909           | <b>152</b>                    | 712             |
| Depreciation  | <b>39</b>                   | 30              | <b>39</b>                     | 30              |
| Staff costs   | <b>1,110</b>                | 1,198           | <b>420</b>                    | 557             |
| Research and<br>development costs                           | <b>307</b>                  | –               | <b>96</b>                     | –               |
| Interest expenses<br>on borrowings                          | <b>1</b>                    | 36              | –                             | 3               |
| Impairment loss of trade and<br>retention money receivables | <b>1,614</b>                | –               | <b>1,374</b>                  | –               |

**5. Taxation**

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit for the period presented (2006: Nil).

**6. Dividend**

For the six months ended 30 June 2007, the Board does not recommend the payment of an interim dividend (2006: Nil).

## 7. Loss per share

Loss per share are calculated based on the following figures:–

|   | Six months<br>ended 30 June            |  | Three months<br>ended 30 June          |  |
|---|--|--|--|--|
|   | 2007<br><i>HK\$'000</i><br>(Unaudited) | 2006<br><i>HK\$'000</i><br>(Unaudited) | 2007<br><i>HK\$'000</i><br>(Unaudited) | 2006<br><i>HK\$'000</i><br>(Unaudited) |
| The Group's consolidated loss<br>attributable to shareholders | <u>(4,017)</u>                         | <u>(2,511)</u>                         | <u>(2,249)</u>                         | <u>(2,278)</u>                         |
| Weighted average<br>number of shares                          |  |  |  |  |
| – Basic   | <u>7,850,138</u>                       | <u>52,209,945</u>                      | <u>7,850,138</u>                       | <u>52,209,945</u>                      |
| (Loss)/Earnings per share                                     |  |  |  |  |
| – Basic   | <u>(5.12) cent</u>                     | <u>(4.80) cent</u>                     | <u>(2.86) cent</u>                     | <u>(4.30) cent</u>                     |

## 8. Property, plant and equipments

|                                  | Leasehold<br>improvements<br><i>HK\$'000</i> | Computers<br><i>HK\$'000</i> | Furniture &<br>equipment<br><i>HK\$'000</i> | Motor<br>vehicles<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|----------------------------------|--|------------------------------|---|--------------------------------------|--------------------------|
| Cost:                            |  |                              |   |                                      |                          |
| At 1 January 2007                | 682  | 476                          | 318   | 300                                  | 1,776                    |
| Additions                        | <u>–</u>                                     | <u>22</u>                    | <u>177</u>                                  | <u>–</u>                             | <u>199</u>               |
| At 30 June 2007                  | <u>682</u>                                   | <u>498</u>                   | <u>495</u>                                  | <u>300</u>                           | <u>1,975</u>             |
| Aggregate depreciation:          |  |                              |   |                                      |                          |
| At 1 January 2007                | 341  | 401                          | 242   | 300                                  | 1,284                    |
| Charge for the period            | <u>18</u>                                    | <u>8</u>                     | <u>13</u>                                   | <u>–</u>                             | <u>39</u>                |
| At 30 June 2007                  | <u>359</u>                                   | <u>409</u>                   | <u>255</u>                                  | <u>300</u>                           | <u>1,323</u>             |
| Net book value:                  |  |                              |   |                                      |                          |
| At 30 June 2007<br>(Unaudited)   | <u>323</u>                                   | <u>89</u>                    | <u>240</u>                                  | <u>–</u>                             | <u>652</u>               |
| At 31 December 2006<br>(Audited) | <u>341</u>                                   | <u>75</u>                    | <u>76</u>                                   | <u>–</u>                             | <u>492</u>               |

## 9. Trade receivables

The Group allows its customers credit period of 60 days depending on their credit worthiness. The following is an aging analysis of trade receivables:

|                                   | <b>As at<br/>30 June<br/>2007<br/>HK\$'000<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2006<br/>HK\$'000<br/>(Audited)</b> |
|-----------------------------------|--|--|
| Within 3 months                   | 2,458  | 52   |
| Over 3 months but within 6 months | –  | 6  |
| Over 6 months but within 1 year   | –  | 432  |
| Over 1 year                       | <u>956</u>   | <u>2,312</u>   |
|                                   | <b><u>3,414</u></b>  | <b><u>2,802</u></b>  |

## 10. Trade payables

Details of the aging analysis of trade payables are as follows:–

|                                   | <b>As at<br/>30 June<br/>2007<br/>HK\$'000<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2006<br/>HK\$'000<br/>(Audited)</b> |
|-----------------------------------|--|--|
| Within 3 months                   | 2,329  | 42   |
| Over 3 months but within 6 months | –  | 24   |
| Over 6 months but within 1 year   | –  | 16   |
| Over 1 year                       | <u>1,050</u>   | <u>1,036</u>   |
|                                   | <b><u>3,379</u></b>  | <b><u>1,118</u></b>  |

## 11. Amount due to a director/a related company

The amounts are interest-free, unsecured and repayable on demand.

## 12. Share capital

HK\$'000

Authorised:

As at 31 December 2006

– 10,000,000,000 ordinary shares of HK\$0.01 each (Audited) 100,000

As at 30 June 2007

– 1,000,000,000 ordinary shares of HK\$0.1 each (Unaudited) 100,000

Issued and fully paid:

As at 31 December 2006

– 675,000,000 ordinary shares of HK\$0.01 each (Audited) 6,750

As at 30 June 2007

– 101,250,000 ordinary shares of HK\$0.1 each (Unaudited) 10,125

The Company implemented the Share Consolidation pursuant to which every ten (10) issued Shares be consolidated into one (1) consolidated share. The Share Consolidation became effective at 4:00 p.m. on Tuesday, 10 April 2007.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Turnover and profit*

For the six months ended 30 June 2007, turnover was approximately HK\$3.2 million, representing an increase of approximately 1.4% as compared with that for the corresponding period in 2006. Loss attributable to shareholders was approximately HK\$4,017,000 as compared with loss of approximately HK\$2,511,000 for the corresponding period in 2006.

The increase in loss attributable to shareholders was due to fierce competition in IBS industry which remained serious, and which led to continuous decline in gross profit margin of projects as a result of price-cutting strategies adopted by IBS competitors and increase in impairment loss of trade and retention money receivables.

#### *Liquidity and financial resources*

As at 30 June 2007, shareholders' funds of the Group amounted to approximately HK\$19.2 million. Current assets amounted to approximately HK\$22.2 million and the Group's current liabilities amounted to approximately HK\$4.9 million which mainly comprised its trade payables and accruals. Taken into consideration of its current financial resources, the Group shall have adequate capital for its continual operation and development.

### *Pledge of assets*

As at 30 June 2006, no pledge of assets was charged by the Group.

### *Contingent liabilities*

As at 30 June 2007, the Group did not have any significant contingent liabilities.

### *Gearing ratio*

As at 30 June 2007, the total assets of the Group was approximately HK\$24.1 million whereas the total liabilities was approximately HK\$4.9 million. The gearing ratio (total liabilities divided by total assets) was approximately 20.3%.

## **Business Review**

### *Business Development in Hong Kong*

Over the recent years, the Group has constantly suffered from profit setbacks with newly-constructed buildings of the construction sector in the territory showing no sign of increase. To foster a sustainable development, in addition to strengthening existing business, the Company has designed an educational-related intelligent system targeted at international schools with stronger spending power, with a vision to establishing a larger market share in these economically synergetic markets.

In addition, the Group is continuously investigating intelligent control solutions for air-conditioning systems and lighting systems, which are widely applicable on the existing commercial buildings, schools and car parks, in association with a number of energy-saving system companies.

### *Business Development in PRC*

In order to diversify the business risk associated in IBS industry, the Group has started its trading business of packaging materials in PRC in 2007 and the result is encouraging. The Group believes that the demand of packaging materials in PRC is increasing and the prospect to develop the business in this field is promising.

### *Business Outlook*

The Directors consider that recent signs of recovery in the Hong Kong economy did not have any positive impact on the growth of the building and construction industry in Hong Kong, its growth remained stagnant, as such, the Directors anticipate a continual sluggish demand for both IBS products and services in the immediate future. Moreover, the price-cutting strategies adopted by IBS competitors have resulted in an increasingly difficult environment for the industry.

Up to now, deferrals in clients payment remain the most serious problem for the Group. Extensive efforts were made to collect the overdue payments, including proactively approaching individual clients for payment arrangement, in order to speed up their process of repayment. After formulating solutions for client re-organization programme, the Group has identified new potential companies and clients with stronger financial base, while existing clients with prolonged records of defaulted payments are abandoned. Confronted with the deeply rooted problem of delayed payment for the whole industry, the Group strives to minimize the extent of this problem by adopting the above mentioned measures and for the period ended 30 June 2007, the impairment loss of trade and retention money receivable is approximately HK\$1.6 million.

Moreover, to diversify the business risks associate in IBS industry so as to achieve continuous development and expansion, the Group has pursued business opportunity in the packaging industry. On 29 December, 2006, the Group entered into the S&P Agreement in relation to the acquisition of a land use right on the Land at the consideration of RMB3,398,100 (equivalent to approximately HK\$3.36 million). The Land will be used for the construction of production plant of the Group for the manufacture of paper products and packaging materials. As at 30 June 2007, the Group has paid 70% of the said consideration and the application for the land use right certificate of the land is in progress. In the future, the Group will also pursue other business opportunity in the packaging industry.

## **EMPLOYEES**

As at 30 June, 2007, the Group continued sub-contracting much of its works during the period in order to control internal costs, resulting in an adjustment in the number of staff in Hong Kong to 10 and 4 staff in PRC. Remuneration of Directors and staff were approximately HK\$1,110,000 (six months ended 30 June 2006: HK\$1,198,000). Employees are remunerated based on their performance, experience and industry practices.

## **DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**

As at 30 June 2007, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong) ("SFO"), which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the shares of the Company

| Name of Director                  | Type of interests                    | Number of securities            | Approximate percentage of shareholding |
|-----------------------------------|--------------------------------------|---------------------------------|--|
| Mr. Chao Pang Fei<br>("Mr. Chao") | Interest of a controlled corporation | 51,909,350 shares<br>(Note)     | 51.27%                                 |
|                                   | Personal interest                    | <u>9,030,000 shares</u>         | <u>8.92%</u>                           |
|                                   | Total                                | <u><u>60,939,350 shares</u></u> | <u><u>60.19%</u></u>                   |

Note:

These shares are legally owned by Haijing Holdings Limited ("Haijing"), a company incorporated in the British Virgin Islands ("BVI") with limited liability and is wholly owned by Mr. Chao. By virtue of his 100% shareholding interest in Haijing, Mr. Chao is taken to be interested in all the shares of the Company held by Haijing pursuant to Part XV of the SFO.

(b) Short positions in the shares and underlying shares of equity derivatives of the Company

Save as disclosed herein, as at 30 June 2007, none of the Directors or chief executives of the Company has short positions in the shares, underlying shares of equity derivatives of the Company or any of its associated corporations.

**PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING**

So far as is known to any Director or chief executive of the Company, as at 30 June 2006, persons (not being a Director or chief executive of the Company) who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

**(a) Long positions in the shares of the Company**

| <b>Name</b>             | <b>Type of interests</b> | <b>Number of shares</b> | <b>Approximate percentage of interests</b> |
|-------------------------|--------------------------|-------------------------|--|
| Haijing ( <i>Note</i> ) | Beneficial owner         | 51,905,350 shares       | 51.27%                                     |

*Note:*

Haijing is a company incorporated in the BVI and is wholly owned by Mr. Chao.

**(b) Short positions in the shares and underlying shares of equity derivatives of the Company**

So far as the Directors are aware, save as disclosed herein, no persons have short position in the shares or underlying shares of equity derivatives of the Company.

**COMPETING INTERESTS**

As at 30 June 2007, none of the Directors or management shareholders (as defined in GEM Listing Rules) of the Company or their respective associates had interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Company.

**CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors of the Company, all Directors confirm that they complied with such code of conduct throughout the six months ended 30 June 2007.

**PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES**

During the period ended 30 June 2007, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

**CORPORATE GOVERNANCE**

Save and except the following deviations from the code provisions (except code provision C.2 on internal control and the relevant disclosure requirements of which the implementation date is for accounting period commencing on or after 1 July 2005) set out in the Code on Corporate Governance Practices as contained in Appendix 15 to the GEM Listing Rules (the "CCGP"), the Company had, during the period ended 30 June 2006 complied with the CCGP.



**Code provision set out in the CCGP****Reason for deviations**

A.2 The Chairman chief executive officer of the Company were performed by the same individual

Mr. Chao Pang Fei is the Chairman and Chief Executive Officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and department heads, the Board considers that vesting the roles of both Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company

Save as disclosed, the Company has met the code provisions (except code provision C.2 on internal control and the relevant disclosure requirement of which the implementation date is for accounting period commencing on or after 1 July 2005) set out in the CCGP throughout the period ended 30 June 2007.

**AUDIT COMMITTEE**

In accordance with the requirements of the GEM Listing Rules, the Group established an audit committee comprising three independent non-executive directors of the Company. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee currently comprises three independent non-executive directors, namely Mr. Chen Weirong, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man.

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board  
**SINO HAIJING HOLDINGS LIMITED**  
**CHAO PANG FEI**  
*Chairman*

Hong Kong, 27 July 2007

*As at the date of this announcement, the Board comprises of Mr. Chao Pang Fei (executive Director), Ms. Hui Hongyan (executive Director), Mr. Tsang Hon Chung (executive Director), Mr. Lan Yu Ping (non-executive Director), Mr. Chen Weirong (independent non-executive Director), Mr. Cheng Yun Ming, Matthew (independent non-executive Director) and Mr. Sin Ka Man (independent non-executive Director).*

*This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the date of its posting.*